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CHECK AGAINST DELIVERY

The Economic and Fiscal Update

A Presentation by
The Honourable Paul Martin, P.C., M.P.

To the House of Commons
Standing Committee on Finance

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Mr. Chairman,

First of all, I would like to thank you and all the members of the committee for the kind invitation to meet with you here in Vancouver. We are at an important juncture of our economic history. It is, therefore, timely to be able to deliver the economic statement beginning this year's pre-budget consultations outside of the traditional venue, here in this great province of British Columbia, the gateway to the Asia-Pacific.

Mr. Chairman, I have had the privilege of appearing before this committee on several occasions, but this is my first opportunity to do so since Canadians gave a new mandate to our government.

Therefore, the purpose of my presentation and the document I am tabling today is twofold: first, to provide an update on economic and fiscal developments since the last budget; and second, to build on the framework for our economic future presented to this committee at the beginning of the last mandate – doing so by highlighting certain areas of endeavour on which Canada must focus if we are to succeed in the new millennium that lies before us.

Our goal from the day we took office in October of 1993 has been to build a country that provides opportunity and security, one where our citizens can be confident of their future.

Meeting that goal required a plan. It demanded sustained effort. It has involved deep and broad reform – reform which has been dependent on Canadians' support for significant, and sometimes difficult, change.

As we speak, it is clear that a corner has been turned, that we are now at a new beginning, and that a new optimism is emerging across the land.

Four years ago, this country stood at the brink. The nation's finances were in disarray. Canadians – and the world – had lost confidence in our economy, and our future.

We knew that if we did not act, it would not be bondholders or bankers who would suffer. It would be ordinary, hard-working Canadians; indeed, they already were.

Canadians knew the fiscal mess had to be cleaned up. They said from the beginning that there was only one way to do it – to get economic growth up and to get government spending down. That is precisely what we set out to do. And today, because of the efforts and the understanding of millions of Canadians, that is what the country has done.

In 1993-94, the deficit represented about 6 per cent of GDP – or $42 billion.

Our target for the fiscal year just ended, 1996-97, announced during the 1993 election campaign, was 3 per cent of GDP, or $24.3 billion.

Last May, we said that that deficit number would be no higher than $16 billion. This was based on 12-month numbers of $9.6 billion plus an estimate of the normal negative year-end adjustments which have ranged anywhere from close to $3 billion to more than $6 billion over the last eight years.

Today, we are releasing the *Annual Financial Report* for last year. It demonstrates that, for the first time in decades, the normal year-end adjustments were positive, not negative.

As a result, I wish to announce that the 1996-97 deficit came in at $8.9 billion – almost $20 billion lower than the previous year, and the largest year-over-year improvement in Canadian history. This represents the smallest federal government deficit in over two decades – indeed, as a proportion of our economy, at 1.1 per cent of GDP, it is the lowest deficit recorded since 1970-71.

The *Annual Financial Report* provides a full accounting of why we have done so well.

It includes certain one-time factors. However, the most important reasons are as follows.

First, program spending fell by more than $7 billion to come in at just under $105 billion. This means that between 1993-94 and 1996-97, total program spending has fallen by $15.2 billion, a reduction of almost 13 per cent.

This reflects the unprecedented restraint measures introduced in our budgets. Of equal significance, it also reflects the new management system the government has put in place – a system that, on the one hand, affords departments greater flexibility in budgeting, while on the other hand, forcing trade-offs and reining in spending.

The second reason for the dramatic decline in the deficit stems from lower public debt charges, a result of the significant decline in interest rates.

And finally, the third reason reflects a stronger economy, one that has created more jobs for Canadians – thereby increasing the revenues we have received.

The dynamic that has taken hold is clear. The significant restraint measures introduced in our earlier budgets brought the deficit down. The lower deficit then triggered lower interest rates which, while acting to further reduce the deficit, also strengthened economic growth. This in turn has contributed to greater job creation, which has then been reflected in higher government revenues which have also brought the deficit down even more. In summary, it is this strong virtuous circle that underlies the unprecedented progress Canada has made – and will continue to make.

Mr. Chairman, there are two principal ways to calculate the deficit. The first, the method used in Canada, is considered to be one of the most rigorous in the world. It includes all the recorded liabilities the government incurs over the course of a year, including the liabilities to the public sector pension fund. This is the deficit on which I have just reported.

The second measure of the deficit, used by other G-7 countries, includes only the borrowings that the government incurs in financial markets to pay for ongoing programs and interest on its debt. This we refer to as financial requirements. It is also similar to the national accounts statistic used by the Organization for Economic Co-operation and Development to make comparisons among countries.

According to this comparative measure, in terms of the deficit, the Canadian government is now in the best fiscal health of the G-7. Mr. Chairman, last year we projected that, by 1998-99, the federal government would be in a position where it would no longer need to go to the markets to borrow new money.

The results announced today demonstrate that we are doing even better than that. Our new financial requirements have, in fact, been eliminated.

Indeed, in 1996-97, we recorded a financial surplus, the first since 1969-70. Furthermore, we were the only G-7 country to do so.

This meant that, for the first time in 27 years, it was not necessary for the federal government to borrow new money to pay for ongoing programs, nor to pay for interest costs.

Even more to the point, thus far this year, we have actually been paying down marketable debt. This is indeed a significant milestone for Canadians.

Finally, because of the country's better fiscal situation, and because of the improvement in our current account, Canada's overall dependence on foreign debt has been reduced.

This is important because it means that more of the money earned in Canada is staying in Canada – creating new jobs. It is also an important component in the battle to have Canadian interest rates reflect the fundamentals of the Canadian economy, in particular the fact that we have become a low inflation country and intend to remain so.

Two-and-a-half years ago, short-term interest rates in Canada were almost 2½ percentage points higher than those in the U.S.

They are now almost 2 percentage points lower than American rates. More significant still is the relative improvement in our long-term rates. The fact is that, since last February, Canadian 10-year bond rates have been consistently lower than those in the U.S. This is unprecedented in our post-war history.

Now, interest rates will be affected by many factors. Domestic conditions can change and many global influences are beyond the control of even the largest economies. For this reason, our commitment is to maintain, and strengthen still further, our economic framework so as to cushion the impact of interest rate shocks.

For instance, from the beginning our objective was to increase the amount of longer-term fixed-rate debt versus shorter-term. The reason was clear – to reduce our vulnerability to unexpected changes in interest rates.

Our specific goal was to increase the share of longer-term debt to 65 per cent of the total. Mr. Chairman, we have now reached that goal.

This is far from trivial. For example, two years ago, a 1-percentage-point increase in interest rates would have cost us $1.8 billion in the first year alone. Today, such an increase would cost us $1 billion, $800 million less. The protection this provides us is significant.

Now, clearly all of this is progress. But the more important question for Canadians is not how much better the books are; it is whether this improvement is beginning to be reflected in their own lives.

The answer, I believe, is yes, very much so.

Lower deficits and lower interest rates are now having a powerful and positive impact on our lives and the Canadian economy.

Five-year mortgage rates today are at their lowest level in decades. Consumer confidence is at its highest level in more than eight years. Business confidence is at record levels.

The sale of consumer goods is strong. Housing resales have rebounded. Business investment has surged.

In the second quarter of this year, the economy grew at an annual rate of almost 5 per cent.

As a result, the pace of job creation is accelerating dramatically. Since the beginning of this year, 279,000 net new jobs have been created, the vast majority of these full-time and all in the private sector.

What is also important to note is that the last four months have seen the biggest improvement in youth employment since 1990, some 63,000 jobs.

Looking ahead, economists now say that Canada's growth over the next two years will be at its strongest level in a decade. Indeed, they predict we will have the strongest back-to-back growth of any G-7 country, stronger than Japan, stronger than Germany, stronger than the United States.

Returning to the deficit, the numbers for the first five months of this year have been very encouraging. Detailed projections will be provided in the February budget when we will be closer to the year-end.

Mr. Chairman, as was announced by the Prime Minister, we can now confirm that we will eliminate the deficit by no later than next year, 1998-99.

This will represent the first time the federal government's books have been balanced since 1969-70.

It is clear that the country is now on the verge of a new era – and clearly, of a new debate.

This will be a healthier debate than the one required at the beginning of the last mandate. But it will be no less challenging – and certainly no less important. And for that reason we owe it to Canadians to keep our feet on the ground.

Yes, we must debate the use to which the fiscal dividend will be put.

But we must as well maintain a realistic perspective.

First, the books are not yet in balance. They remain to be balanced.

Second, the dividend, when it arrives, will be small and it will grow slowly in the first few years.

There will not be any instant windfall.

Because of this, our commitment to prudence must not change. The reason is clear.

For years, our country suffered from the practice of governments routinely failing to be cautious, and in so doing, causing confidence in our finances to falter.

From the outset in 1993, we were determined to break that pattern, and we have.

We have always said that our deficit reduction targets would not be the most we would do, but the least we could do. We knew that, while private economists and forecasters can play the odds in predicting the future, government should not.

And so, as a result, we have always been more prudent than the consensus forecast of the private sector. The payoff has been clear: credibility restored, confidence regained. That has been our purpose. And it will continue to be our practice.

Therefore, our core guidelines for financial management in the future will be as follows.

First, we will continue to present two-year fiscal plans in our budgets.

Second, these plans will be based, as before, on prudent economic assumptions.

And third, we will continue to build into our financial plans a buffer, a Contingency Reserve to handle unforeseen circumstances.

Up until now, when that reserve has not been needed, it has gone to reduce the deficit.

In the future, when not needed, it will go to reduce the debt.

Let me now address the components of the debate itself. The potential use of the future fiscal dividend is cast in terms of three options.

One is to spend it. Another is to use it to reduce debt. Another is to use it to reduce taxes.

On the first option, spending, it is very clear that the country is approaching the point where more forceful, responsible investment in the future is desirable and possible. However, that being said, some seem to believe now that the books are near balance, it is time to set frugality and financial discipline aside. To turn on the taps. To start spending as if there were no tomorrow.

Let me be very clear.

The old ways are over. The old days are gone. Mr. Chairman, this government has cut up its credit card. Responsible financial management is not a fad or a phase. It is a permanent feature of a successful society.

This is not simply a question of budgets and their size. It is a question also of what government does and how it does it. Government must never again lapse into the old pattern of not being able to choose between priorities, of always believing it could act in isolation, of treading where others can do a much better job.

Government must be focused. It must work in partnership. It must choose to act only where it can make a difference.

Let me repeat something I said a couple of years ago. Governments do not have money. They are given money. Money that comes from the pockets of hard-working Canadians, Canadians who have been through a difficult period of adjustment. They do not want their efforts to be squandered.

And because of this, as the Prime Minister said two weeks ago: "We will never, never again allow the financial health of our country to get out of control."

Mr. Chairman, the era of overspending and chronic deficits is behind us forever.

Let me be very clear. As a matter of principle, we believe that being able to present a balanced budget is a key and enduring component of a successful strategy for economic growth and jobs.

The second option being presented to Canadians involves the national debt.

The fact is, Canada's debt burden remains very high.

It is reflected in taxes that are higher than they otherwise would be – and services that are less than they otherwise could be.

The most useful measure of our debt burden is to consider our debt in relation to the size of the economy that supports it. That measure is the debt-to-GDP ratio – what we owe in relation to what we produce. The lower the ratio, the more manageable the debt.

In 1995-96, our debt-to-GDP ratio was 74 per cent.

For the year ending last March, the ratio – at 73.1 per cent – recorded its first meaningful decline in more than 20 years.

Looking ahead, our commitment is to secure a permanent decline in the debt-to-GDP ratio.

Our strategy will be continued strong fiscal responsibility, paying down debt on the one hand, focusing on economic growth on the other.

The third option being put to Canadians is to use the future fiscal dividend for tax reduction.

Mr. Chairman, the tax burden in Canada must be reduced. It will be reduced.

Canadians have a right to expect that, when their country's financial health is firmly secured, they can look forward to an easing of their tax burden. And I can assure them that this will take place.

But here again, we also owe it to Canadians to be realistic and straightforward.

Four years ago, Canada was up against the financial wall. We have made an unprecedented comeback. However, no one should be surprised that, as I mentioned earlier, when the fiscal dividend emerges, it will be small at least in the initial years.

Consequently, to implement a major tax reduction now would run the risk, at the first sign of an economic downturn, of plunging us back into deficit – or else forcing crippling cuts to essential programs.

This would make no sense.

Therefore, our view is that, until the dividend is large enough to support a meaningful reduction in the overall tax burden safely, the most responsible course is to bring in targeted tax relief where the need is greatest.

Indeed, in previous budgets, by virtue of our better-than-expected financial progress, we have already begun to provide targeted tax relief – through, for example, tax assistance for students, for persons with disabilities and for the children of working parents with low incomes. We have also lowered employment insurance contribution rates every year since we came into office.

In the short term, we will continue on this path. However, as soon as possible, we must go further and reduce the broader tax burden shouldered by all Canadians.

And a priority in doing this will be to provide tax relief to low- and middle-income individuals and families.

Mr. Chairman, this brings me to what I believe is a fundamental point in the presentation today – and that is the need to lift the debate which is now underway out of its current narrow focus.

There is a tendency, on the part of some, to conduct the debate over the use of the fiscal dividend as if increased spending, debt reduction, or tax reduction are options to be considered only as ends in themselves without reference to the nation's needs.

This is not what the debate should be about.

The debate should be about national priorities – about how best to build a strong economy and a strong society, one of both opportunity and security.

We have already said we must reduce the debt burden. We have already said we must reduce the tax burden and we will. The government's 50:50 allocation formula will be a guideline to ensure this happens over the course of the mandate. However, those who define

the responsibility of government in terms of debt and tax reduction only, are in effect saying that targeted investments in health care or education, in innovation or the reduction of poverty, are not critical to meeting the Canadian vision.

To rule out the need to invest strategically – whether through targeted tax measures or new spending aimed at core national needs is not just bad social policy; it's bad economics.

The question is to find the right balance. What we must do is to ensure that the quantity of growth we all seek contributes to the quality of life Canadians deserve.

This has been a priority we have pursued from the beginning. It stems from two fundamental propositions.

The first relates to core values.

Ours is a nation that believes in sharing the risks and the benefits of our common citizenship. It is a community that holds that there are certain fundamental rights more important than privilege and the pocketbook – that fairness and compassion are not secondary, but are in fact the cornerstones of a civil society.

The second proposition stems from an understanding of what the infrastructure of a successful economy must include.

In our view, programs such as health care, education or public pensions should not be seen as a nicety. They reflect our values. They are also an economic necessity.

They provide Canadians with the sense of security that allows them to participate in the economy with confidence.

Indeed, confidence in the programs on which all Canadians depend is more, not less, important in an era of profound economic change. The judgement as to investment, debt reduction or tax cuts should be made with this in mind.

For example, our system of health care is one of the great assets we have as a nation. The principles it reflects – of quality and access, based on need and not wealth – go to the heart of how we define our country.

This is why, for example, we will introduce legislation increasing the cash floor of the Canada Health and Social Transfer to the provinces and territories from $11 billion to $12.5 billion.

Another priority must be the provision of an adequate retirement income for Canada's seniors.

Our current retirement income system has worked well. However, new demographics and economic developments will soon put it under severe pressure. That is why action is called for now.

This action is not related to the health of Canada's current finances.

It is related to the long-term health of Canadian society.

Mr. Chairman, it is an undeniable fact that the ageing of our population, combined with slower rates of expansion of our labour force, threaten the long-term affordability of our public pensions.

To not respond now to that reality would be to repeat the errors of the past. It would be unfair to young Canadians who are entitled to have confidence that the system will be there for them when the time comes.

To not respond now would be to pass on to future generations a great burden.

In our view, this is totally unacceptable. We have an obligation – to act today, to plan ahead. And that is what we are doing.

Legislation was tabled two weeks ago following the agreement reached between the provinces and the federal government that will put the Canada Pension Plan on a fair and sustainable financial footing.

Later on, the Seniors Benefit will address the need to protect those seniors, the majority of whom are women, whose income throughout their lives was too low to ensure an adequate retirement.

And finally, as quickly as circumstances permit, the tax assistance provided to those saving through RRSPs or RPPs will be improved.

Our reform of the retirement income system has but one purpose: economic security – to ensure, by acting now, that the seniors of tomorrow will have an adequate income when they retire, all the while assuring today's seniors that their pensions will be protected.

Mr. Chairman, if the need to protect health care and the pension system are examples of how the debate over national priorities must be widened, the responsibility of an economy to produce not simply growth but good jobs focuses the debate even more.

Those who argue that smaller government is an end in itself do so in the belief that market forces alone are a sufficient judge of a nation's economic potential. We firmly believe in the free market. But we do not believe that a strong society and a strong economy will be maintained through benign neglect.

It is here that the need to broaden the debate over the fiscal dividend beyond its current narrow focus becomes even more manifest.

For some time now, our economy, like many others, has been going through a period of profound and accelerating change. It is change that is opening up vast new opportunities – new industries, new markets, new technologies and new techniques.

But so, too, it is change that has given rise to deep fears and anxieties. Canadians understand that we cannot erect walls to the world and that the pace of technological change cannot be brought to a halt. But they also worry that they or their children might well be left behind by forces over which they have no control.

Mr. Chairman, a rising economic tide does not lift all boats. There are things the market cannot and will not do. There are things government can and must do.

The market alone will not provide the infrastructure that is necessary to make the forces of change work for us, not against us.

And the market does not care for those left behind.

Filling those gaps is one of our central challenges. We must secure the kind of economic growth that brings good jobs. In short, our core national economic priority must be to build an enduring foundation for employment in today's economy and in tomorrow's economy.

We know that there are no easy answers. But we also know key areas where we must act.

One of these is to make accessible to the largest number of Canadians possible, the opportunities to acquire the skills and knowledge they need to succeed.

The reasons are clear.

Economic success is increasingly based not on raw natural resources – but rather on excellence in human resources.

Ideas and entrepreneurship are, more than ever, the key to better incomes and a higher quality of life.

Nor is the trend towards higher skills restricted to high tech. Everyone, from mechanic to trucker or salesperson, is becoming a participant in the knowledge-based economy.

There has been a steady rise in skill levels and requirement across all industries.

No wonder, then, that four out of 10 workers worry that their job skills may become obsolete within a decade – or that one-third worry that their skills already are.

Mr. Chairman, the skills and learning challenge is not only about producing workers that the economy demands. It is also about creating the kind of society Canadians deserve.

Recent history demonstrates that, while technological change enhances growth, it can also create great inequality.

And history also proves that education and training are the best tools we have to address those inequalities. They make the economy more inclusive. They widen the mainstream. They expand opportunities.

We worry about the prospect of an increasing gap between the rich and the poor. Well, Mr. Chairman, the acquisition of knowledge and skills is the greatest equalizer of all.

The fact is, education has become the quintessential infrastructure for everything else.

Growth may be central to a strong economy. But knowledge and skills are central to growth. And they are also central to a society that is more fair.

In the end, this is about people. It is about giving them the opportunity to become the very best they can.

It is about expanding their horizons and hopes.

It is about giving Canadians the capacity to make their dreams come true.

What we need is a new partnership. Education is a matter of provincial jurisdiction. This, we respect unequivocally. At the same time, we recognize that education is not an activity to be seen as restricted to the classroom, from ages six to 18, nine in the morning until three. It is a challenge to be met starting at birth, one that lasts a whole lifetime. That is why the private and voluntary sectors and all levels of government are key players. All must come together if we are to rise to the challenges of a rapidly changing world economy.

What does all this mean in concrete terms?

It means that governments must get their priorities right. And those priorities must guide the use to which the fiscal dividend is put.

Government has a responsibility to help as many Canadians as possible join the economic mainstream.

Government has an obligation to reach out to those left behind.

Quite simply, Mr. Chairman, government has a responsibility to ensure that our citizens not only survive in an evolving economy, but that they are also equipped to succeed.

First, we must focus on early childhood – life's most critical stage, where the capacity to learn is developed.

That is why the new partnership we are building with the provinces on behalf of Canada's children is so important.

Our purpose is to put an end to a situation where the price parents pay for rejoining the workforce is to see the circumstances of their children actually worsen – through the loss of needed services provided them under social assistance. Going to work should make people's lives better, not worse.

To this end, as announced in the 1997 budget, we provided $850 million in additional resources under the child tax benefit. And, as confirmed by the Prime Minister, we will work with the provinces to establish a timetable to increase that contribution by an additional $850 million.

Next, we must do everything we can to improve access to learning and retraining opportunities.

This requires action on four fronts.

First, encouraging savings toward education and training.

Second, providing financial assistance to those in school.

Third, helping students manage increased debt loads.

And finally, providing incentives for lifelong learning.

We have already begun to address these issues in previous budgets.

For example, we have taken measures to make registered education savings plans more attractive and flexible. We have increased tax assistance for a typical student by one-third. And we have taken steps to assist students who have difficulties in managing their debt burden.

However, clearly there is much more that can and must be done.

That is why the Prime Minister has announced that we will create a Canada Millennium Scholarship Endowment Fund, an investment made possible by our better-than-anticipated financial performance.

The Fund will be operated completely at arm's length from government.

It will reward academic excellence and assist thousands of low- and moderate-income Canadians from coast to coast to coast each year.

Mr. Chairman, there can be no better investment in their future – or ours.

A second example of the use to which the fiscal dividend can be put is to foster and seize the opportunities for Canadian industry to lead in the modern economy.

If knowledge is one side of the coin, the other side is innovation – helping build the infrastructure of ideas and information on which growth and jobs depend.

The United States is enjoying an extraordinarily long period of strong economic growth – but without the kind of inflationary pressures economists would anticipate at this point in the business cycle.

There is no consensus as to why this is happening. One view is that, together with the impact of globalization, the application of technology is dramatically altering the traditional economic model.

This may or may not be accurate, but one thing is for sure: countries that lead in new technologies and in their application will offer to their people the prospect of a much more positive economic future.

This is not of academic interest only. Far from it. For it means sustained improvement in incomes and sustained improvement in employment.

Leadership in innovation is not something of relevance only to the few.

It is essential to realize – and act upon the fact – that from agriculture to aquaculture, from mining to manufacturing, innovation has been, and will be, the foundation for the creation of new jobs.

That is why, for instance, we created the Canada Foundation for Innovation – to provide world-class facilities at our hospitals and universities – facilities that will support world-class research and keep Canada's top-flight researchers here at home.

Mr. Chairman, knowledge-based growth offers the prospect of equalizing opportunities across the country. With communications causing distance to lose much of its meaning, and with education and skills becoming the most important raw material of all, our goal must be nothing less than to change the economic culture of Canada to one of innovation.

And what this means is that it is the synergy between the components of the strategy just outlined that counts. A country with the very best learning culture in the world will fail if there are not the opportunities to develop and apply new-found skills in an innovative workplace. And a country with the entrepreneurial infrastructure required to make it a world leader in innovation will not succeed if the skills of its people are not nurtured and developed with great care.

And so, what we seek – what we are determined to build as we contemplate the fiscal dividend – is a society of both skills and innovation, where each reinforces the other, creating jobs, sustaining jobs, keeping faith with our commitment to safeguard the Canadian quality of life.

Our purpose must be to make Canada not simply a participant in the modern economy – but a leader, one in which Canadians have access to the greatest range of opportunities available.

This has been our purpose from the beginning.

What is new today is not our agenda, it is the strength we as a country are now gaining to pursue it. Having spent the last decade paying for past consumption – we are now, finally, in a position to focus on investments for the future.

Let no one underestimate our commitment to move forward on this agenda. Canadians have not acted with determination on the deficit only to fall silent once that job is done. Indeed, our determination to lift the financial burden from the nation has been governed in no small way by the view that Canadians had to regain the ability they had lost to forge their own destiny.

It is for this reason that I stated at the beginning of these remarks that the debate as to how the fiscal dividend should be allocated should not be limited to dealing with new investment, debt reduction and tax cuts only as if they are ends in themselves. The decision should be made with the nation's priorities very much at the forefront of our considerations.

These priorities, I would submit to you, are clear.

First, we must preserve and improve the valued programs on which all Canadians depend – such as our health care, education and pension systems.

Second, we must work together to enhance the learning and training opportunities available to Canadians, focusing on accessibility and addressing the wide range of needs that begin in early childhood and extend through working life.

Third, we must foster and seize the opportunities to make Canada a leader in the modern knowledge-based economy.

And finally, throughout, we must continue to act on a new ethic of partnership, anchored in a strong sense of the national interest.

Mr. Chairman, this brings me to the end of the presentation. Let me simply summarize as follows.

Some see the discussion ahead as a financial debate only. It isn't. It's a debate about values.

Next, we have set out our priorities. Some may feel that these priorities are at odds with giving Canada the strongest balance sheet and the lowest tax rates possible. They are wrong. A strong economy is dependent on a strong society.

Mr. Chairman, no country is better positioned than is Canada. Some have great natural resources; others have impressive technological capacity; still others have strong human resources. We have all three.

And, as well, we have our basic values.

Our recognition that fiscal health is but the beginning, not the end, of our march to a better life for all Canadians.

Our desire to reach out to those in need, even as we reach forward to the future.

Our abiding belief that the pursuit of prosperity should not cause the principle of fairness to be set aside.

Mr. Chairman, some seem to see Canada as a little country that can't. We would suggest it is time to see ourselves as a great country that will.

Let no one question our resolve.

Let no one doubt that Canadians can rise to any challenge.

Let no one doubt that Canada is at the dawn of its greatest era.